



Tax Department's Reclassification of Certain Items and Devices as Medical Equipment or Prosthetic Aids

This memorandum explains the Tax Department's reclassification of certain items as medical equipment or as prosthetic aids. This revised policy is effective for sales or services occurring on or after July 1, 2014.

The Tax Department has undertaken a comprehensive review of its current guidance regarding medical-related items available for purchase by the public and has determined that a number of items currently identified as subject to the sales tax should be reclassified as exempt medical equipment or as exempt prosthetic aids. This new policy is effective for sales made or services rendered on or after July 1, 2014.

Medical equipment

Sales of medical equipment and supplies are generally exempt from sales tax under section 1115(a)(3) of the Tax Law and section 528.4(e) of the Sales and Use Tax Regulations. However, sales of medical equipment and supplies are not exempt from sales tax when purchased for use in providing medical services for compensation, such as purchases made by physicians, hospitals, clinical laboratories, ambulance companies, etc., unless the purchaser qualifies for another exemption (e.g., the purchaser is an approved sales tax exempt organization).

Exempt medical equipment and supplies include machinery, apparatus, and other devices and items (other than prosthetic aids) that are intended for use in the cure, mitigation, treatment, or prevention of illness or disease, or in the correction or alleviation of physical incapacity in human beings. To qualify for the exemption, medical equipment and supplies must be primarily and customarily used for medical purposes and must not be generally useful in the absence of illness, injury, or physical incapacity.

The Tax Department has determined that the following items qualify as exempt medical equipment if purchased and used for medical purposes (except if purchased by paid providers of medical services):

- bath chairs and seats;
- bath safety grab bars, handles, and rails;
- over-bed tables;
- prefabricated wheelchair ramps; and
- wheelchair trays.

Prosthetic aids

Sales of qualifying prosthetic aids are exempt from sales tax for all purchasers, including paid providers of medical services, under section 1115(a)(4) of the Tax Law and section 528.5 of the Regulations.

Exempt prosthetic aids are items primarily and customarily used to completely or partially replace a missing body part, or the function of a permanently inoperative or malfunctioning body part. To qualify for the exemption, an item must not be generally useful in the absence of illness, injury, or physical incapacity.

The Tax Department has determined that power lift chairs qualify as prosthetic aids. Power lift chairs are chairs that feature a powered lifting mechanism that raises the entire chair up from or down to its base, assisting the user to move more easily into either a standing or a sitting position.¹

Component or replacement parts for medical equipment and prosthetic aids

Component or replacement parts for exempt medical equipment or exempt prosthetic aids are also exempt from sales tax. If a component part is clearly identified as a part for such equipment or aid, the part may be purchased exempt from tax. If a component part is not clearly identified as a part for such equipment or aid, the purchaser must pay sales tax at the time of purchase and file a claim for refund using [Form AU-11](#), *Application for Credit or Refund of Sales or Use Tax*.

Note: Component or replacement parts for medical equipment sold to doctors and other paid providers of medical services are taxable, unless the purchaser qualifies for another exemption (e.g., the purchaser is an approved sales tax exempt organization).

Services to medical equipment and prosthetic aids

The services of installing, maintaining, servicing, and repairing exempt medical equipment and component parts of medical equipment are exempt from sales tax unless performed for doctors and other paid providers of medical services.

The installation, maintenance, service, and repair of exempt prosthetic aids and their component parts are exempt from sales tax for all purchasers.

¹ Power lift chairs were previously found to be subject to sales tax in *Russell J. Shapiro*, Adv Op Comm T&F, June 21, 1993, TSB-A-93(39)S. That opinion is superseded by the guidance provided in this memorandum and is hereby revoked.

Insurance coverage

The taxability of an item **does not change** when payment is made under medical insurance coverage, including:

- personal insurance,
- an employer-sponsored medical plan,
- Medicaid, or
- Medicare.

Nontaxable items remain nontaxable regardless of the method of payment. Taxable items remain taxable even when paid for under insurance coverage.

Purchases made prior to July 1, 2014

The guidance provided in this memorandum applies only to sales made or services rendered on or after July 1, 2014. No refund of sales or use taxes is available for purchases made prior to that date.

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.